

September 10, 2007

Mary Levine
Michigan State Housing Development Authority
735 East Michigan Avenue
Lansing, MI 48912

Dear Ms. Levine:

I am writing in order to provide input regarding the draft QAP. We, at Fourmidable, have long advocated the servicing of housing for all persons in financial need. This has been from our history of development and management of affordable housing communities. My own involvement with the housing industry in Michigan has included significant amount of work in the management, development, consulting and construction / renovation of affordable housing. Where the motivations for the proposed seem laudable, I am seriously concerned that these changes could cripple or destroy the Low Income Housing Tax Credit program in our state.

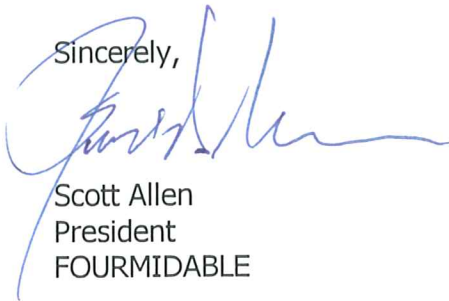
I will not be able to attend any of the public hearings and would appreciate your inclusion of my comments below as the proposals are carried through the comment period.

- **The set-aside for preservation should be replaced as a priority** and it should not necessarily be limited to projects that were previously government subsidized. We already have too much sub-standard housing that families are forced to accept. Some of this is government funded and much of it is not. The tax credit program offers an efficient way to return these failing structures to use. Generally speaking, a renovation requires less money than new construction and each dollar of credit can produce more affordable housing.
- **The use of tax credits for the unemployed and homeless is not completely the answer.** Generally, we also need some additional form of rental subsidy in order to serve the very low income families, as they usually do not have enough income to afford most tax credit rents.
- **The requirement to pay scale wages to construction workers would be a tragedy.** This would affect the construction and possibly the management of these developments which already can barely make financial sense. The prevailing wage requirements, along with the burdensome paperwork and reporting, would likely reduce employment of workers local to the projects, especially in smaller cities and rural locations. I would predict that if this is required, then the trade workers would be brought in with larger, more sophisticated contractors, most likely from the larger cities.
- **If it is determined that construction workers must be compensated at scale, then what limits a similar determination for the ongoing operations?** How will these increased costs be funded? Certainly not from rents which are already limited.
- **I support consideration of enhancing the tax credit funding for senior, assisted living developments.** I suggest, however, that the model should include mixed income residents so that the critical mass of operational overhead for supportive services is funded by the market rate residents. This works well in the American House

communities as well as some others that are LIHTC. Enhancement of the Medicaid Waiver and Section 8 voucher program would certainly make these communities more accessible to those who cannot afford them.

It is unwise to attempt to complete such a drastic change to the current QAP so quickly. This is a controversial change that affects many people. We have already seen what the last major change in funding round schedules did to the production of this much needed housing. Please consider delaying these major changes until 2009 and schedule the final funding round for 2007 immediately. In this way we can all continue with our efforts to service the homeless and "underhoused" population while affording the appropriate amount of consideration to the long-term impact that these proposed changes are about to have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott Allen", written over the printed name and title.

Scott Allen
President
FOURMIDABLE